

U.S. Department of Labor

Occupational Safety and Health Administration
Washington, D.C. 20210



Reply to the attention of:

JAN 23 2009

FINAL DETERMINATION

REFERENCE: Initial Determination Letter Dated: September 12, 2008

Mr. John Duncan
Director
California Department of
Industrial Relations
455 Golden Gate Avenue - 10th Floor
San Francisco, California 94102-7003

OCCUPATIONAL SAFETY AND
HEALTH ADMINISTRATION

Dear Mr. Duncan:

This letter transmits the Grant Officer's FINAL DETERMINATION on an audit of the California Department of Industrial Relations (Industrial Relations) OSHA State Plan program for the federal fiscal years 2006 and 2007 as identified in the State of California Single Audit Report No. 24-08-527-10-001 for the year ended June 30, 2007. Enclosed is the Final Determination on the audit findings summarized as follows:

Audit Report Number: 24-08-527-10-001

Audit Period: For the Year Ended June 30, 2007

Auditor's Questioned Costs: \$174,196

Amount Allowed: \$0

Disallowed Costs: \$146,874

Accepted Stand-in Costs: \$146,874

Amount Subject to Debt Collection: \$0

In regard to Discrepancy 1, the award numbers cited in the initial determination are consistent with the award numbers cited in the audit report. The \$5,230 reflects obligations associated with the 2005 federal award that was paid during the state fiscal year 2006-2007. Therefore, the audit report made reference to the document numbers based on when the payment was made, but the obligations are related to the 2005 award.

In regard to Discrepancy 2, OSHA acknowledges that the \$27,322 is included in the \$141,644 for federal fiscal year 2006 obligations paid after December 31, 2006 as indicated by the DIR Accounting Office. As a result, OSHA is considering the questioned costs of \$146,874, instead of \$174,196. OSHA agrees that the \$146,874 in questioned costs should be disallowed. However, the Department of Industrial Relations has substituted allowable personnel costs that could have been charged to the grant. OSHA is allowing these charges to be used as stand-in costs for the disallowed costs.

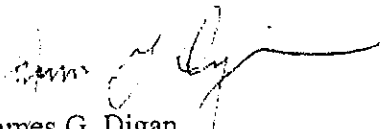
OSHA also acknowledges that the Department of Industrial Relations has implemented Corrective Action Plans that address the allowable costs / cost principles; cash management; period of availability; and reporting issues identified in the audit report.

The Department of Industrial Relations may initiate an administrative appeal of the Final Determination with the Department of Labor Office of Administrative Law Judges (OALJ) in accordance with 29 CFR 96.603 (b). A written request for hearing is to be filed with the Chief Judge, OALJ, US Department of Labor, 800 K Street, NW, Suite 400 North, Washington, DC 20001-8002. The request must be sent within 21 calendar days from receipt of this Final Determination. It should be accompanied by a copy of the Final Determination and should state specifically those sections of the Determination upon which a hearing is requested.

A copy of the request for an administrative appeal should be provided to this office.

A copy of this Final Determination is being provided to the Office of Inspector General for Audit of the U.S. Department of Labor.

Sincerely,



James G. Digan
Director, Office of Program
Budgeting and Financial Management

Enclosure

cc: Mr. Len Welsh, Chief, Division of Occupational Safety and Health
Mr. Ray Yee, Staff Services Manager II, Division of Occupational Safety and Health



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SUBJECT: FINAL DETERMINATION

REFERENCE: Department of Industrial Relations
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INTRODUCTION: This is the Grant Officer's **FINAL DETERMINATION** on the findings and recommendations in the final audit report of the California Department of Industrial Relations (Industrial Relations) OSHA State Plan program.

The audit was conducted by the California State Auditor in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The final audit report contains \$174,196 in questioned costs.

California Department of Industrial Relations has provided documentation to OSHA's Grants Officer regarding the issue contained in the Initial Determination. All recommendations and documentation submitted have been considered in the preparation of this FINAL Determination.

OSHA QUESTIONED COSTS

- a. Industrial Relations had \$141,644 federal fiscal year 2006 obligations paid after December 31, 2006.
- b. Industrial Relations had \$5,230 federal fiscal year 2005 obligations paid during state fiscal year 2006-2007.
- c. Industrial Relations had \$27,322 federal fiscal year 2006 obligations that were not based on a valid order place during the funding period.

Grant Officer's Analysis:

TITLE 29 – LABOR, PART 97 - *UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS*, Subpart C – Post Award Requirements, states in Section 97.23, *Period of Availability of Funds*

- (a) General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.
- (b) Liquidation of obligations. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee.

TITLE 29 – LABOR, PART 97 - *UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS*, Subpart A – General, states in Section 97.3, *Definitions*

Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

Determination

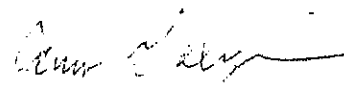
OSHA acknowledges that the questioned costs in Item c., totaling \$27,322, are also included in the questioned costs for Item a. As a result, OSHA is considering the questioned costs to be \$146,874, instead of \$174,196. Based on this and the analysis above, costs of \$146,874 are **disallowed**.

STAND-IN-PROPOSAL

California Department of Industrial Relations submitted allowable stand-in-costs amounting to \$146,874.

Determination:

Based on the above, stand-in costs of \$146,874 are **ALLOWED**.


James G. Digan
Director, Office of Program
Budgeting and Financial Management